

contributors



Mark Knold is the senior economist for the Utah Department of Workforce Services. His role is to represent the Department on economic issues and to convey clearly and precisely the Department's economic information and unemployment statistics. Mark has worked for the Department for nearly 15 years and holds an M.S. and B.S. in economics from the University of Utah. He serves on committees that advise the governor, state economic councils, economic development agencies, and legislative committees.

Lecia Parks Langston is the western regional economist for the Department of Workforce Services, and lives in St. George. Lecia has been an economist with the state for more than 20 years. During that time, she was chief economist for the Department of Employment Security for six years, has served as a president of the Wasatch Front Economic Forum, has staffed Governor Bangerter's Workforce 2000 Committee, and is a past advisor of the Governor's Economic Coordinating Committee. She is the author of several studies including *Hard at Work: Women in the Utah Labor Force*.



Michael Hanni is currently a regional economist for the Department of Workforce Services (DWS). He has responsibility for the seven counties comprising eastern Utah: Daggett, Duchesne, Carbon, Emery, Grand, San Juan, and Uintah. Michael earned a Bachelors of Science in economics and a Bachelors of Arts in political science at the University of Utah. He is currently finishing up a Masters of Arts in economics at the same institution. While Michael is a native of Texas, Utah has become his home. An avid hiker, he has been bewitched by the beautiful landscapes of eastern Utah.

John T. Mathews has worked as an economist for the Department of Workforce Services for 30+ years. He has a B.S. and an M.S. in economics from the University of Utah. Mr. Mathews' primary areas of responsibility include serving as the north region economist, monitoring and reporting on the economies of Utah's six northern counties. He is also responsible for preparing the Department's industry employment projections; and helping prepare the occupational employment projections for Utah. Mr. Mathews is responsible for developing and updating the economic information presented in the DWS Internet site for the six northern counties. He conducts labor market information training and other ad hoc research, such as the Agricultural Wage Survey. Mr. Mathews has served as an assistant adjunct professor of economics at the University of Utah and is currently on the economics faculty at the University of Phoenix.



Trendlines

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Austin Sargent is an economist with DWS. He is responsible for the federal/state cooperative program - LAUS (Local Area Unemployment Statistics). Mr. Sargent has been an economist with DWS for six years. Prior to that he was a research economist for fourteen years at the Bureau of Economic and Business Research at the University of Utah. Austin has a Masters in public administration and a Bachelor's of Arts degree in political science from the University of Utah. He is currently an associate member of the Governor's Council of Economic Advisors and a member of the Wasatch Front Economic Forum.



Carrie Mayne is the supervisor over the Bureau of Labor Statistics (BLS) programs and is also responsible for the state's Mass Layoff Statistics (MLS) program. Carrie earned a Bachelors of Science in economics from the University of Utah. She is currently completing a PhD in economics from the same institution, and teaching courses in economics there as well. Her fields of specialization include labor economics, industrial organization, and econometrics.

Connie Blaine is the labor market information coordinator for the Utah Department of Workforce Services (DWS). She oversees the marketing, training, publication and distribution of the Department's labor market information products. Connie has done many jobs in her career, including mine surveying, working at a women's shelter and investigating reports of child abuse. She was an elementary school teacher for seven years. A native of Utah, she is a graduate of the University of Utah, and has lived primarily in Moab and Salt Lake City.



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Jim Robson is the regional economist for Salt Lake, Utah, Tooele, Summit and Wasatch counties. He worked for the Governor's Office of Planning and Budget analyzing Utah and at Utah Foundations. Mr. Robson has worked for and participated with the Governor's Council of Economic Advisors, the Utah Population Estimates Committee, and is past president of the Wasatch Front Economic Forum. Jim has a Bachelor of Science in economics from the University of Utah.

Utah Joins a 5-State Energy Partnership



The Utah Department of Workforce Services (DWS) has joined with major energy industry representatives from Montana, North Dakota, Wyoming and Colorado, workforce agencies, state economic developers, and educators from community colleges with energy training programs, to form a group calling itself Rocky Mountain Energy Partners. Steve Maas represents DWS on this 5-state group, which is sponsored by the American Petroleum Institute (API).



The group has formed in recognition that the current energy boom is going to be with us for a while and the Rocky Mountain area has energy resources which, with oil at its current price, are now profitable to extract. Issues surrounding workforce, training and infrastructure need to be planned for and responded to in a coordinated regional format. The resources exist in places with sparse populations and little infrastructure, and, with the current emphasis on becoming less dependent on foreign oil, there is added incentive to move forward with development. This group is meeting to deal with these and other issues:

- How can education providers in the region offer similar training so that industry is “buying” or hiring a similar

product in trained workers?

- How can industry most easily access the workforce system in each state/region?
- What are the most accurate projections industry can make for the next five years for new worker needs, and in what occupations/skill sets (soft projections have ranged from 4,000-10,000 new workers needed by 2010)?
- How can the industry present a better image to attract new workers?
- What do state and local leaders need to assist them in making informed decisions about infrastructure improvements and investments?

Sub-committees are now grappling with several major tasks. One group is working on collecting data on the industry’s workforce needs by state. Another is putting together an Energy Jobs Toolkit to better communicate to job seekers, educators, parents and planners the types of jobs available in the industry, their training, wages, etc. A third group is surveying educational resources to see what schools offer what types of training in energy, and where. The goal is to develop curriculum consistency throughout the region. Still another group is working on ensuring that industry access to workforce systems throughout the region meets their labor recruitment needs.

The group last met in Denver in April and will meet again in Casper, Wyoming on June 20. 



Beaver County Highlight

did you know?

- Philo T. Farnsworth, the father of television, and Butch Cassidy were born in Beaver County.
- After suffering from out-migration for three decades, Beaver County started growing again in the 80s. Between 1990 and 2000, Beaver County's population grew by 26 percent, marking the fastest census-to-census expansion for Beaver County since 1910.

• Beaver's water, a mixture of spring and well, took the top honor at the National Rural Water Nationwide Taste Test held in Washington, D.C. this year.

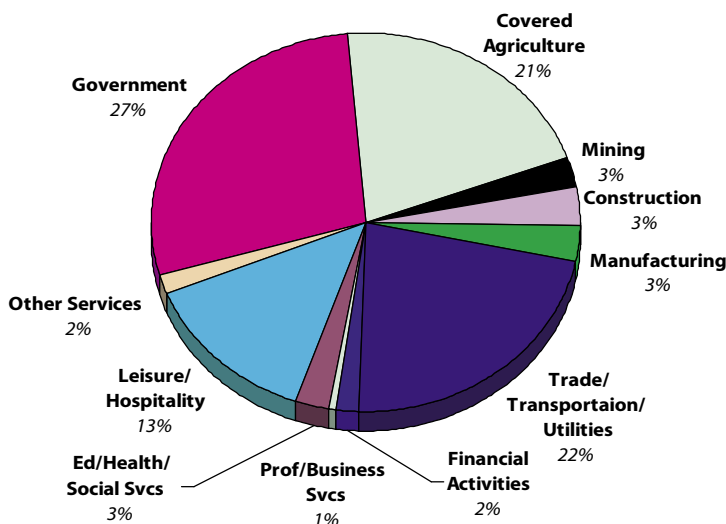
• Cove Fort, located just north of Beaver City near the junction of I-15 and I-70, is believed by many historians to be the most perfectly preserved pioneer fort in the west.

Like many small counties, Beaver County's largest employment industry is government. (Remember that public education is included in government job totals.) However, Beaver County stands apart from its rural peers because covered agriculture* is the next-largest industry in the county. Most farm employment is not covered under the laws that permit us to collect job counts.

What makes the difference in Beaver County? One large facility, Circle Four Farms, provides a hefty share of employment and wages. This facility is the twelfth largest producer of pork in the U.S. In 2003, they produced approximately 1 million market hogs. That's about 160 hogs per person in Beaver County.

The Union Pacific Railroad and United Parcel Service also combine to make the transportation industry claim a larger-than-average share of employment. In addition, leisure/hospitality employment generates a large portion of Beaver County's jobs. ⓘ

Beaver County Employment by Industry 2004



Source: Utah Department of Workforce Services.

More? go to:
<http://jobs.utah.gov/jsp/wi/utalmis/gotoCounties.do>

*Covered agricultural employment includes only farm employment covered under the Utah Employment Security Act. Many owner-operated agricultural establishments (and therefore a large share of farm employment) are not covered under this law.

Energy Everywhere



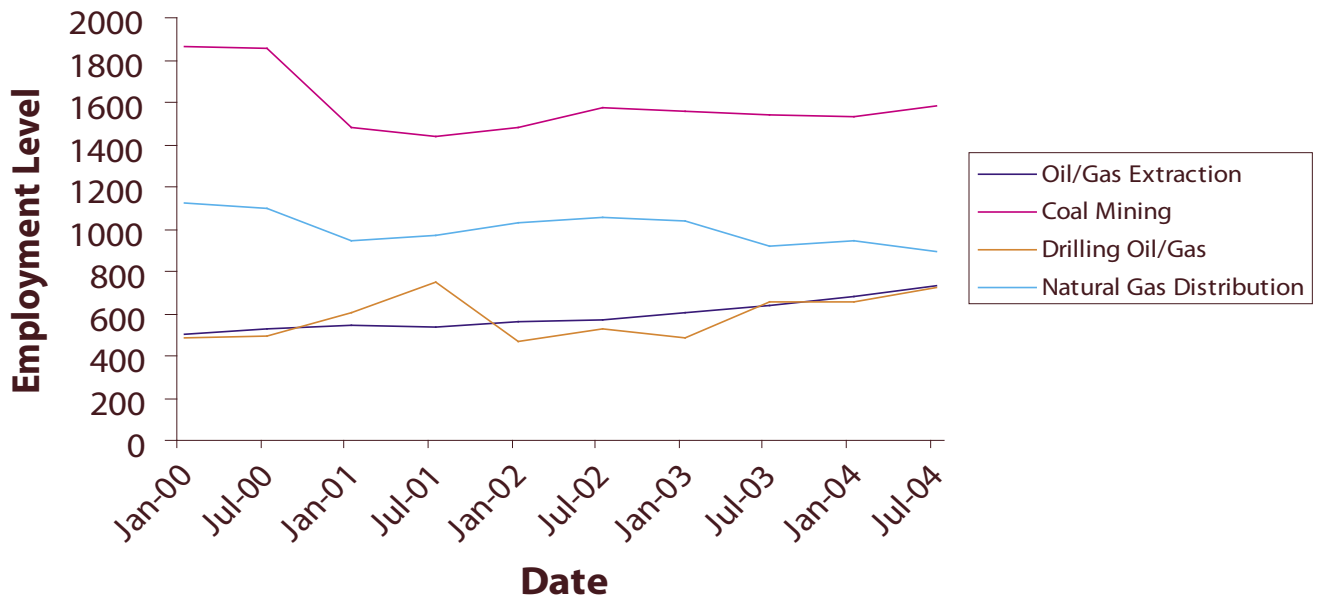
We live in an energy-dependant society. From the natural gas that heats a home to the electricity that powers street lights, energy is everywhere. So prevalent is the use of energy that we may take certain forms of it for granted, only considering the infrastructure and workers in place while waiting for the electricity to be restored after a heavy snow storm.

For those who have ever wondered how many people work to provide all the varieties of energy you use, you are not alone. This is a question facing economists interested in the role of the energy industry in the economy.

What can be agreed upon is that there is no single energy industry, but rather a collection of industries that provide energy-related goods and services. These industries cover a variety of energy-related activities such as the extracting, refining, or transportation of energy resources like coal, petroleum, or even uranium.

One way economists have attempted to group the various energy industries is to define the core and peripheral energy industries. Out of a large list of energy-related industries, those most obviously energy-related, such as coal mining, are considered core energy industries. The peripheral

Selected Energy Industries and their Employment Levels



industries are those that emerged around the core industries, such as coal-support activities.

Unfortunately, not all energy-related industrial activities are easily identified. Consider Pat, the dispatcher. Pat works in an office building downtown. Pat could not tell you the first thing about how natural gas is extracted, yet, Pat works in energy. You see, Pat coordinates the trucks delivering supplies to the field offices. Why is Pat working in an energy industry rather than, say, service, or public administration? Well, because



Pat works for a peripheral energy industry known as “support activities for oil and gas.”

In the end, the task facing economists is seemingly never-ending as the number of energy-related industries continues to change. It will never be a simple matter to define energy industries on the periphery, leaving plenty for economists to debate well into the future. ⓘ



It's not a Labor Shortage, It's a Wage Shortage



Unemployment in Utah is low. Even less urbanized counties, which as a rule show higher jobless rates than their urban counterparts, are experiencing the lowest unemployment rates in years. In March, three counties—all outside the Wasatch Front—registered unemployment rate estimates at or below 3 percent. Even counties which typically tip the unemployment rate scales (such as Garfield and San Juan) have experienced a sharp decline in joblessness. (See graph.)

With such low jobless rates, it's no wonder that employers throughout the state are shouting the labor-shortage cry. To economists, a labor shortage means one thing: employers want to hire more workers at the current wage rates than there are employees willing to work at that rate. Keep in mind that wages are simply the price of labor.

Market Forces

Economists know that in an efficient market, a shortage is brought back into balance or equilibrium by market forces. In the case of the labor market, a shortage should increase wages until more workers enter the job market, or the employer can no longer earn enough revenue from the employee's work to offer that position. Either way, the shortage disappears. In Washington County, where labor has been tight for several years, there has definitely been upward pressure on wages.


Our recent experience with Hurricane Katrina and price of gasoline illustrates this phenomenon. When a portion of the country's gasoline supply was disrupted (or the gasoline market was tight)

what happened? Gasoline prices spiked—but except in very limited areas and in the very short-term, there were no shortages.

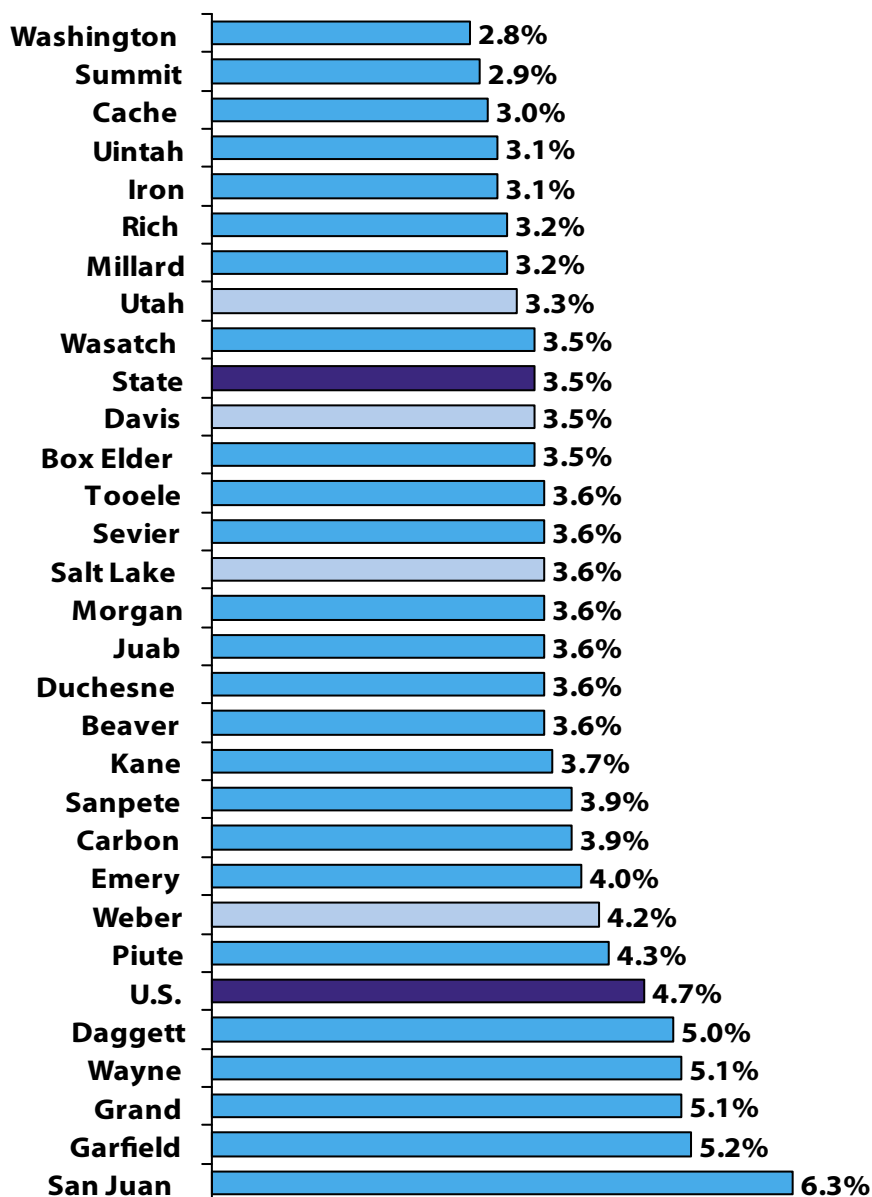
high-flying firm comes to town and offers to pay its construction workers \$500 an hour. Would they have problems finding employees? I don't think so. (I just might be the first applicant in line.)

Show Me the Money

Here's an exaggerated example of why higher wages eliminate a labor shortage. Suppose you live in a town where there is a supposed labor shortage of construction workers at \$10 an hour. But, some

Here's another perspective. If I am only able or willing to pay \$50 for a pair of shoes that costs \$85, it doesn't mean there's a shortage of shoes. The same is true in the labor market. It's a wage shortage, not a labor shortage. 

April 2006 Seasonally Adjusted Unemployment Rates



Source: Utah Department of Workforce Services.

did you know?

- Beaver County residents hope to build a new 25-bed, \$8-million Milford Valley Memorial Hospital in Milford over the next year. *The Deseret News*
- Sanpete County officials are pushing for a new, \$12-million, 128-bed facility to replace their current 44-bed jail. *The Salt Lake Tribune*
- Oil production in Utah reached its highest level last year since 1998, largely because of an upsurge in activity in Sevier County. *The Salt Lake Tribune*
- Glass manufacturer, Viracon, has started construction in St. George on a \$25-million manufacturing plant. *The Salt Lake Tribune*

Oil-What Can We Afford?

The price of oil is again on the rise. Prognosticators tell us to expect at least \$3 a gallon at the pumps this summer. The reality will probably be something higher. With that climb, gasoline returns as one of the most high-profile of consumer purchases.

Yet for all the chatter and complaining we did last summer as gasoline prices climbed near \$3 a gallon, why didn't all that squawking translate into a cutback in gasoline purchases, and in turn, a slowing in the United States economy? The answer may be that a gasoline price at or above \$3 a gallon, in terms of our ability to afford it and in relation to the price rise of other goods over time, is not drastically above where it should be.

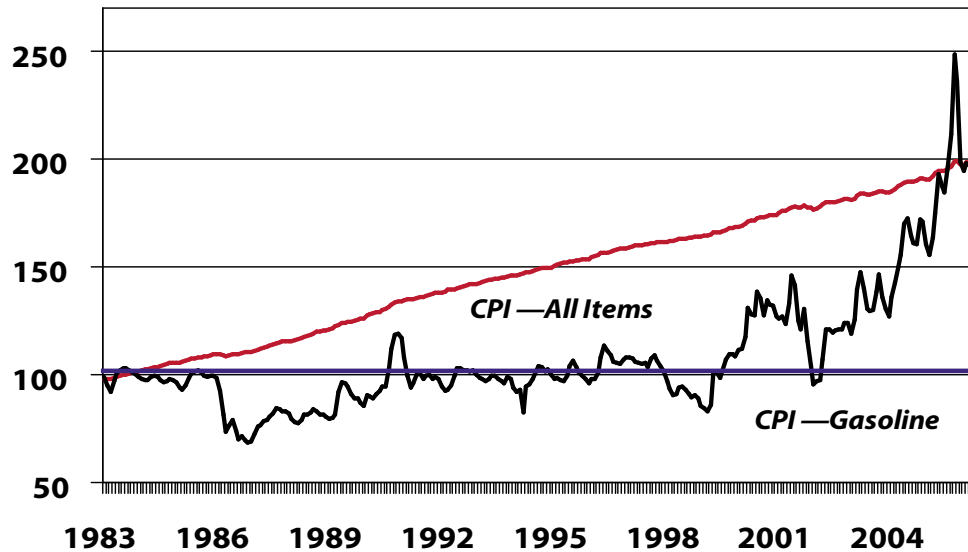
Should be? In relation to what? In relation to the United States Consumer Price Index (CPI) and its rise over the past 20 years. Since gasoline prices vary across regions — based upon differing factors like tax prices, additives, and others — let's revert

our focus back to a more singular variable, the price of a barrel of oil.

The Consumer Price Index has risen steadily since 1983 (the current index base year). The CPI has slightly more than doubled since January, 1983. Back then, the price of a barrel of West Texas Intermediate Crude was selling for \$31 a barrel. If we let the price of oil rise equal to the CPI, then current oil would be selling in the \$63- to \$65-a-barrel range.

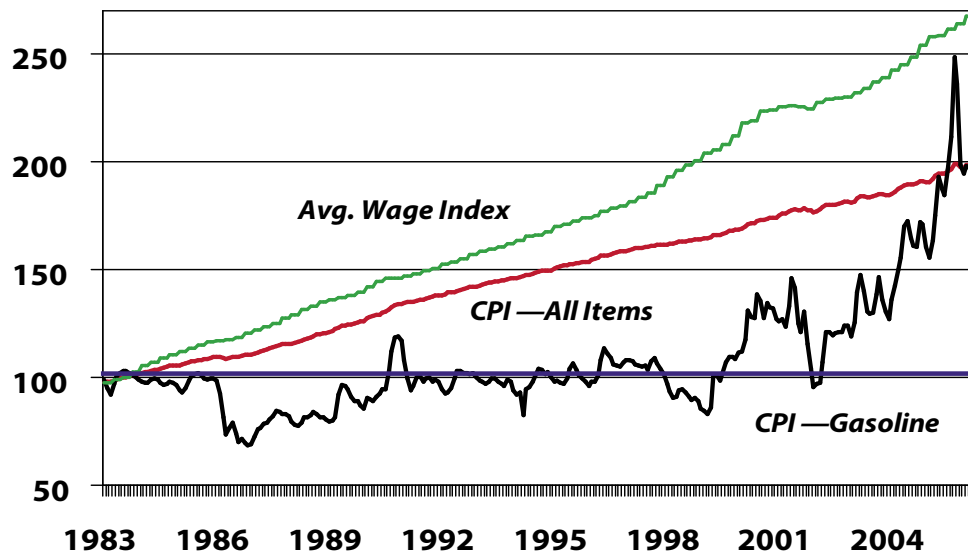
At the time of this writing, oil is selling around \$73 a barrel. By the time you read this, it could possibly be higher. But that increase is largely attributed to a summer spike, and the oil price is anticipated to retreat again by year end. To what level do prognosticators expect the oil price to settle back? Around \$65 a barrel—just where the CPI would place it.

U.S. Consumer Price Index Gasoline Price Index



Source: U.S. Bureau of Labor Statistics.

U.S. Consumer Price Index Gasoline Price Index Average Wage Index



Source: U.S. Bureau of Labor Statistics.

The CPI measures only the cost of goods and services. What about our ability to afford those goods and services? To determine that you look at wages and wage growth. The CPI has risen 104 percent since 1983. Average U.S. wages across that same period have risen by 170 percent. Did you

recognize an earnings power increase? What if oil prices rose equal to the average wage increase? How much would oil be then? Answer: \$84 per barrel. 🇺🇸

Wholesale 42 Trade



Utah

Wholesale Trade comprises 3.7 percent of all state employment. It is a well-paying industry, as its average monthly wage of \$3,751 is 42 percent higher than the statewide average for all industries.

Largest Employers

Associated Food Stores
Nu Skin International
Nicholas & Company
Sysco Intermountain Food
Nu Skin United States
Freightliner of Utah
IBM
Intel Corporation
International Paper
Brashers Auto Auctions
Utah Auto Auction
Ikon Office Solutions
The News Group
Frank Edwards Co.



2004	Employment	Wage*
Total	41,107	\$3,751
Merchant Wholesalers, durable goods	20,524	\$3,542
Motor Vehicle and Parts	2,521	\$2,650
Furniture and Furnishings	350	\$2,929
Lumber and Constructions Supply	2,028	\$3,376
Commercial Equipment	3,571	\$4,550
Metal and Mineral Merchant	963	\$3,830
Electric Goods	1,862	\$3,851
Hardware and Plumbing	1,601	\$3,619
Machinery and Supply	5,110	\$3,528
Miscellaneous Durable Goods	2,518	\$2,864
Merchant Wholesalers, nondurable goods	12,521	\$3,403
Paper and Paper Products	1,255	\$2,901
Druggists' Goods	2,079	\$5,286
Apparel and Piece Goods	358	\$2,832
Grocery and Related Products	4,640	\$3,148
Farm Product Raw Materials	271	\$2,899
Chemicals	728	\$4,217
Petroleum Products	658	\$3,601
Alcoholic Beverages	543	\$3,164
Miscellaneous Nondurable Goods	1,990	\$2,219
Electronic Markets & Agents & Brokers	8,062	\$4,823
*Average monthly wage		



North American
Industry
Classification
System

Year Employment Average Monthly Wage
% of Utah Avg. Wage # of Establishments Payrolls Emp. % of State Totals Payroll % of State Total

2000	40,471	\$3,466	144.3	5,044	\$1,683.3 M	3.8	5.4
2001	41,157	\$3,484	141.1	5,219	\$1,720.6 M	3.8	5.3
2002	40,441	\$3,517	140.1	5,320	\$1,706.7 M	3.8	5.3
2003	40,172	\$3,567	139.8	5,353	\$1,719.6 M	3.7	5.2
2004	41,107	\$3,751	142.1	5,517	\$1,850.2 M	3.7	5.3

industry
history
wholesale trade

County Wholesale Trade Employment
% of State Whole. Trade Emp.
W.T. % of County
Total Employment Largest Wholesale Trade
Employer

Salt Lake	27,440	66.8	5.1	Nicholas & Company
Utah	4,090	9.9	2.6	Nu Skin International
Weber	2,669	6.5	3.0	Associated Food Stores
Davis	2,635	6.4	2.8	Utah Auto Auction
Washington	785	1.9	1.8	Quality Park Products
Cache	704	1.7	1.5	Intermountain Farmers
Uintah	424	1.0	3.9	Golden Empire
Box Elder	399	1.0	2.2	Coca Cola Bottling
Iron	340	0.8	2.3	Cedar Livestock Market
Morgan	156	0.4	8.3	Browning

county
profiles
wholesale trade

Avoiding the Resource Curse

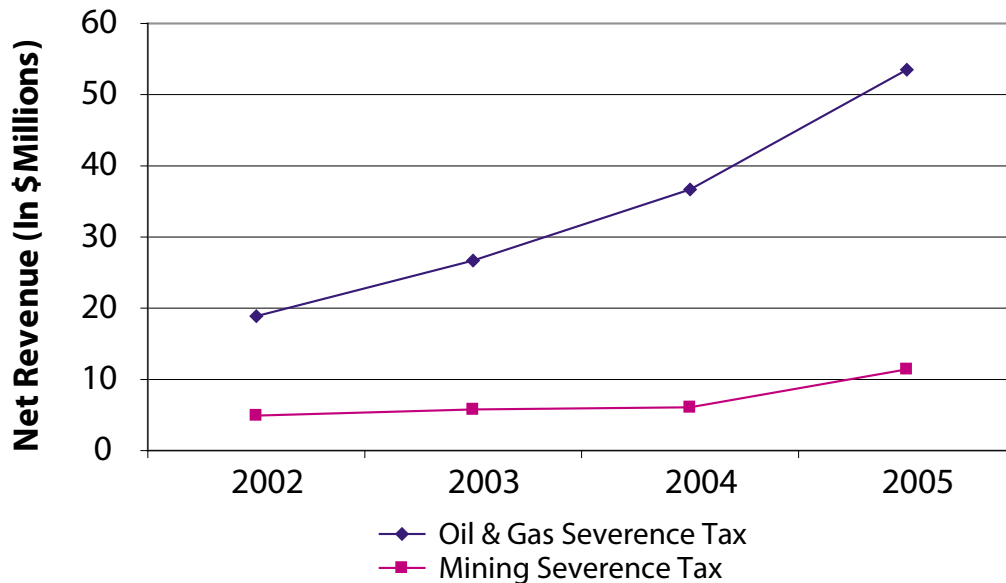


Almost anyone would be familiar with the economic implications of finding a bubblin' crude in the backyard. As such, areas rich in natural resource deposits are generally considered fortunate. The extraction, production, and trade of natural resources supposedly leads to more employment opportunities in the area, not to mention higher incomes. However, resources are finite, and economies that experience these booms in resource production are also subject to the inevitable bust. In fact, recent economic research has shown that rather than getting a boost from the resource rents, many areas rich in

resource deposits struggle through increasingly poor economies, a paradox that economist Richard Auty dubbed the "resource curse".

A resource curse economy becomes overly dependent on resource extraction during a resource boom. That focuses economic activity too narrowly and leaves the economy vulnerable when the bust comes. This is not to say that resource wealth will unavoidably harm growth. Rather, the curse takes hold through neglect of other development factors such as investment, education, innovation, effective management,

Net Utah Tax Revenues by Source (2002-2005)




Source: Utah Tax Commission

etc. For these reasons, resource economies that lack economic diversity have typically been far more susceptible to boom and bust patterns.

Utah's Uintah Basin is currently enjoying a resource boom in oil and natural gas that stems from high prices. The beginning of the boom saw the wellhead price of natural gas jump from \$1.73 per million cubic feet (Mcf) in 1998 to \$3.52 per Mcf in 2002. Correspondingly, the number of producing oil wells more than tripled from 1,643 in 1998 to 4,601 in 2002. Increased production resulted in the creation of new jobs at a high rate. A study of job vacancies in Utah shows that the area affected most by the boom—the Uintah Basin—has the highest ratio of job openings to employed persons of any area in the state. The average advertised wage of job openings was also the highest of any region in the state. Not surprisingly, large portions of open jobs were in oil extraction and industries supporting the boom, like transportation and construction. High wage offers stemming from high demand for labor have also led to significant population growth. Inflation-adjusted monthly wages have also risen, and taxable sales have increased sharply.

At first glance, it may seem that the eastern Utah situation has all the makings of a resource curse economy: higher-incomes and volatile population trends, both indicating an apparent dependence on resource extraction. However, as research has shown, the extent of the curse depends on the extent of the dependency on resource extraction. In the Basin itself, economists are optimistic that the core population is large enough to sustain at least adequate economic activity, thus limiting the negative effects of any bust. As mentioned, researchers claim that negative effects can be displaced by investment in infrastructure to diversify the economy, along with expansion of education to provide a skilled labor force.

Natural resource endowments have proven to be an important part of both large and small economies. Though recent research has shown that over-dependence on the production of that resource can be harmful to economic growth, it is not an empirical rule. Proper management and investment in infrastructure and education has proven to diminish the negative effects of the “resource curse”. 

National Supply Side of the Energy Market

Energy markets have been roiled by near-record prices across the board, driven by soaring global demand and tight new sources of supply. The demand side of the energy equation is fairly well documented, and closely follows global economic growth. The supply side is less obvious. The response on the supply side to current high prices will be elemental in deciding the future trajectory of these prices. Although the response has been delayed, we believe that new sources of supply are already on their way to the market and will help energy prices moderate over the next few years.

Record-high oil prices have sparked a global search for oil, which will come to fruition in the next few years. The supply side response was especially weak in 2005 due to a number of factors including hurricanes Katrina and Rita in the U.S. We expect new sources of crude, especially from non-OPEC and non-conventional sources, to help plug the gap in the next few years.

The outlook for gasoline and other refined products is more dire. The U.S., and indeed the world, suffers from a refining bottleneck that will take longer to solve. New investment in refining has been limited in the U.S., forcing increased reliance on imports. Apart from the increasing need for new refining capacity, existing refiners will increasingly need to be able to process the heavier, more sour crude coming to the market today.

Natural gas supply in the country is fixed, for the most part, thanks to the weak import infrastructure. High current inventories of natural gas notwithstanding, we will need to develop new



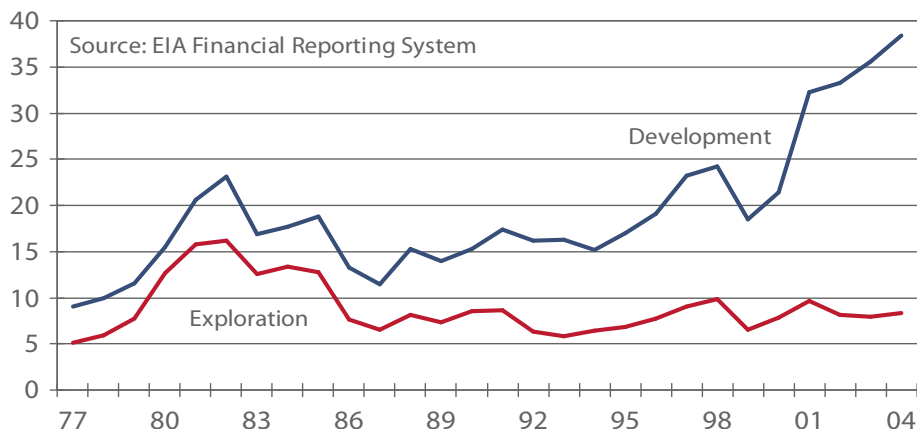
LNG import and re-gasification terminals in the U.S. to meet our increasing demand for natural gas. Much of this capacity is unlikely to come to the market before 2008.

Coal will remain a dependable source of energy in the long term. While not susceptible to geopolitical concerns and natural disasters, coal does have potential bottlenecks, especially the availability of rail transportation. Coal-to-liquid technologies offer small potential to offset imports of crude oil and fuels, but are not seen as a long-term major energy source.

Biofuels are expanding contributions to energy supplies. Under the renewable fuels standard, supplies of products such as ethanol and biodiesel will increase steadily into the next decade. U.S. and global resource endowments will be adequate for expansion of biofuel crops in the medium term, but there are issues to be addressed for long-term expansion. ①

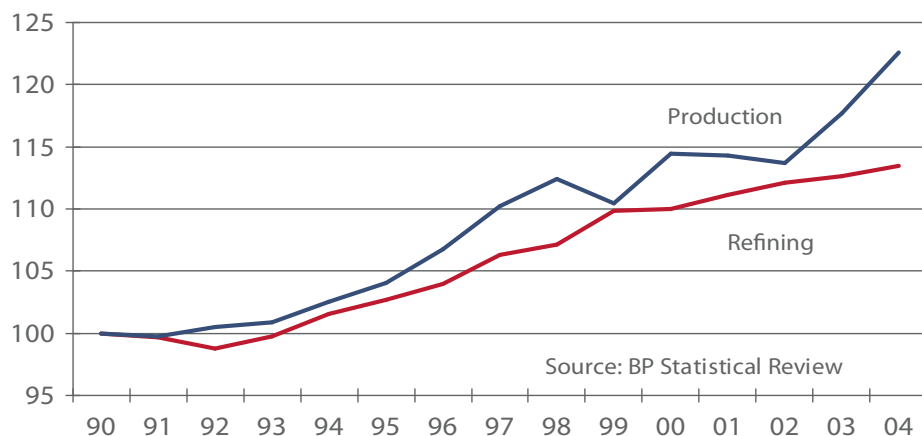
Extracting Oil Is Much More Expensive

Oil company costs, \$bil



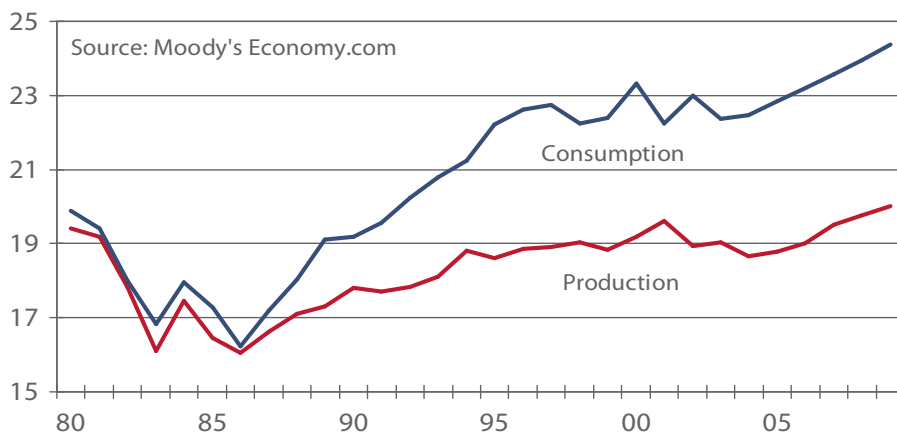
Refining Remains the Prime Bottleneck

Relative growth in global capacity, 1990=100



Even As Production Expands, Imports Will Grow

Natural Gas Cubic feet, tril



POWER'S ON IN UTAH



W Energy natural resources in Utah are, well, energetic. Cute puns aside, the state's energy resource industries have all shown strong gains in the past year. These increases have been made possible, in large part, by the strong population growth throughout the West—in Utah in particular—and the near-historic high prices in global markets for coal, oil, and natural gas. Utah has been blessed with considerable reserves of all these key natural resources and they will continue to play an important role in the state's economy. Nevertheless, beyond these core resources, the state is also beginning to see some movement in the development of alternative energy resources.


Coal was Utah's original energy claim to fame. Since extraction operations began in the mid-1800s, coal has been the main energy source for Utah. Many of the state's power plants rely on the high-quality, low-sulfur coal from the Wasatch Plateau to generate electricity. Nevertheless, the state's coal industry had been in something of a slump during the past decade as low natural gas prices created a boom in gas-fired power plants. However, as natural gas prices have soared, coal is becoming a more economical choice—even

when considering the increased capital and environmental costs. After several years of decline, coal production in Utah rose 10 percent in 2005 compared with the previous year. Employment in coal mining, statewide, also rose significantly in 2005, with the number of jobs increasing nearly 14 percent—to 1,768—over 2004. However, these gains are mainly the result of mines coming back online and, thus, employment growth is likely to moderate.

Oil and natural gas, on the other hand, have followed very different paths in terms of Utah's energy resource industries. The state's oil production peaked in 1985 at an impressive 40.8 million barrels. Since that time production has been in a steady decline, reaching a low of 13.1 million barrels in 2003. However, in response to high oil prices, production rose in both 2004 and 2005—totaling 14.6 million and 15.6 million barrels, respectively. Even with this apparent improvement, natural gas exploration has been the primary driver in the state's latest energy boom. In 2005 marketable gas production in Utah reached a decade-long high of 302 billion cubic feet. Employment in the combined oil

and gas industries increased from 3,002 in 2004 to 4,010 in 2005—or a rise of 33.6 percent. Of these additional 1,008 jobs, fully 47 percent were related to the drilling of oil and gas wells. Another 44 percent came from companies that service oil and gas operations. Only nine percent of the job increase was due to increased production employment.

Alternative forms of energy have developed slowly in Utah. The state has roughly 27.3 megawatts of electricity-generating capacity in geothermal, wind and solar power. This makes up only a small fraction of the 38,212 gigawatts of electricity generated in Utah in 2004. However, it is important to note that the state also has 286.8 megawatts of hydroelectric power capacity—though, the bulk of this comes from the Flaming Gorge dam operated by the Bureau of Reclamation. In terms of solar and wind power, Utah could house additional capacity, although, other areas in the nation will probably be brought online first.

The question that is on everyone's lips: how long will this last? How long will Utah's energy resources be in such high demand? How long will the energy boom in the Uintah Basin last? Best bets appear to point to sustained demand. As energy resources in other areas of the nation become depleted—and the flat growth of natural gas and oil production in long-term forecasts from the Energy Information Administration (EIA)—the use of Utah's coal, oil, and gas will become even more competitive. 

More? Go to:

Utah Energy and Mineral Data, Utah Geological Survey:

<http://geology.utah.gov/sep/newdata/statpage.htm>

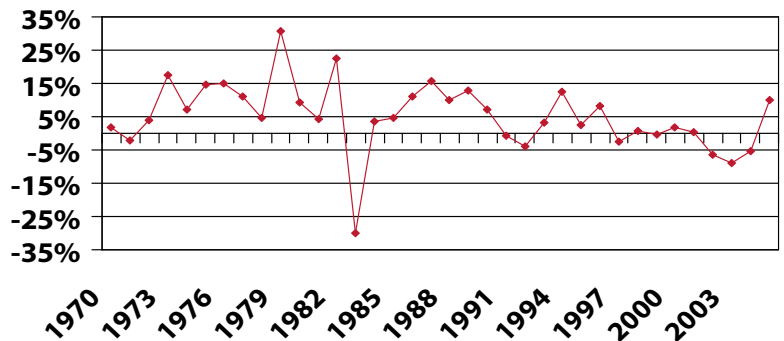
Energy Information Administration (EIA):

<http://www.eia.doe.gov/>

EIA Forecasts:

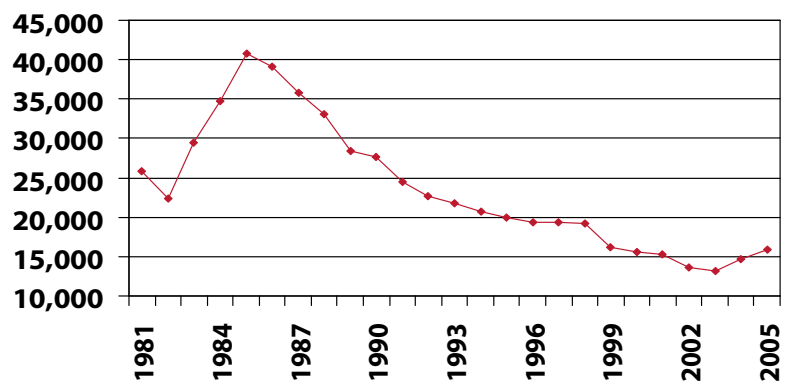
<http://www.eia.doe.gov/oiaf/forecasting.html>

Year-over Percent Growth in Coal Production in Utah



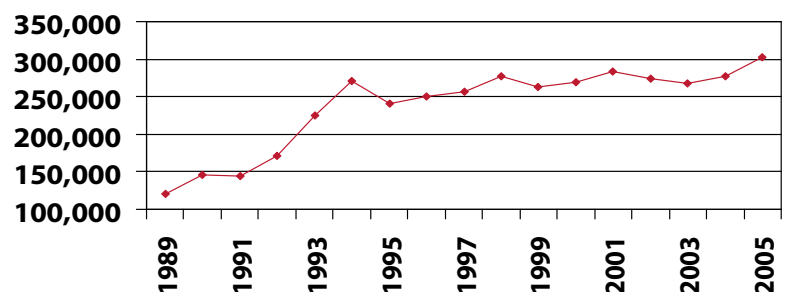
Source: Utah Geological Survey

Utah Oil Production (in Barrels)



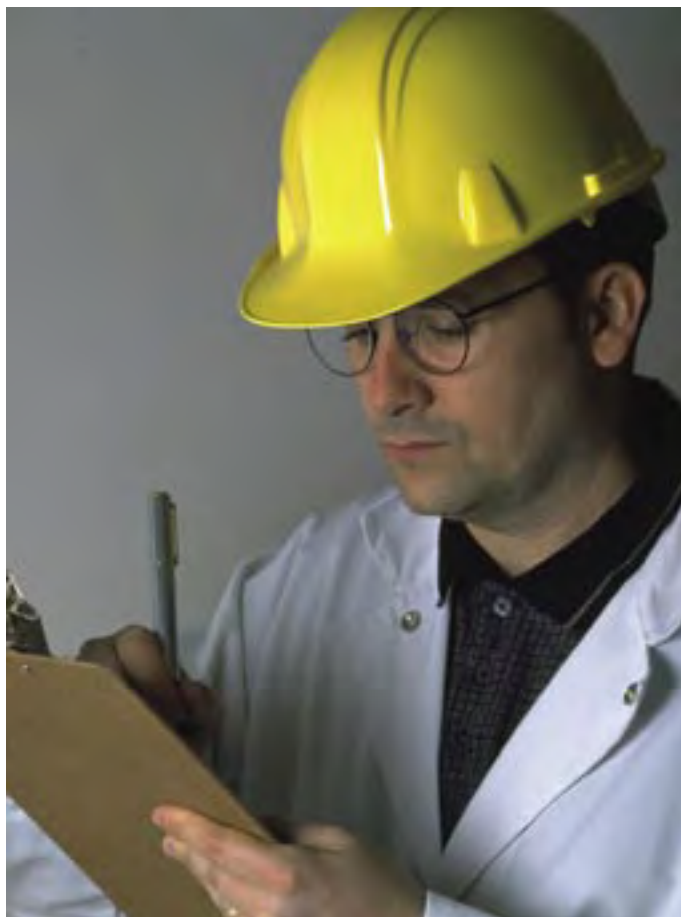
Source: Energy Information Administration

Utah Marketable Natural Gas Production (in Millions of Cubic Feet)



Source: Energy Information Administration

The Industries & Occupations of Energy

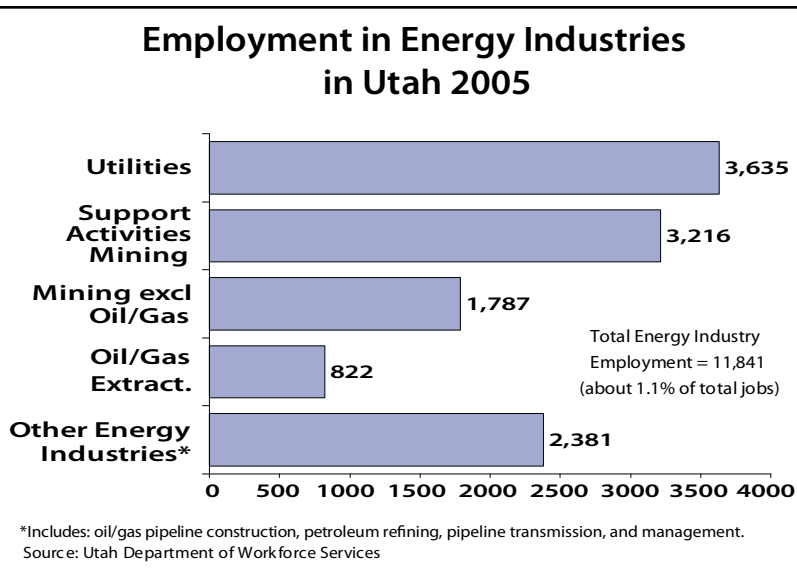


The theme is energy. This industry is very important because it produces the energy we need to fuel our economic engine. Without it, our lifestyle would suffer as would our local, national, and international economies. Energy is the stuff that makes things go.

mining; utilities; and an “other” category that is the sum of some seven smaller energy industries (see the footnote on the graph for a listing of these). To put these industries into perspective, see the graph that shows the level of employment in each of the sectors. Also included is the total employment for all energy industries in the state.

Let's Get Specific

Energy is a term being used out in the market that has different meanings for different audiences. Here is what we at the Department of Workforce Services (DWS) are defining as energy within our very organized industry classification structure. Energy consists of four different sub-units: oil and gas extraction; mining, except oil and gas; support activities for



The energy industry in Utah has the dubious honor of being both the highest paying, and the smallest in the number of jobs. The average pay in the industry is over \$61,500. Energy industries account for the some 11,800 workers, or about 1 percent of the total 1.1-million payroll workers in Utah.

Occupations in Energy

What comes to mind when you speak of the jobs in the energy business? Do you think of mining, or power generation, or drilling, or truck driving? The industry determines the *how* of getting things done. That means the technology, the equipment etc. So this *how* determines which skills and what occupations will be needed in the industry. Each

energy sub-industry, like oil and gas extraction, has what we call a staffing pattern, or a list of the occupations that are employed by the industry. In Utah, we have mining activities concentrated in the open-pit environment, underground (coal), and drilling for oil and gas. Each of these industry environments calls for a slightly different set of occupations and skills.

For example, in coal mining, most workers in Utah work underground. On the other hand, in copper mining, most workers are in an open-pit setting. The occupations needed for each mining setting are somewhat unique. Both types of mining move material from one place to another, but the types/occupations of workers are different. So, each kind of mining/energy-related activity has its own unique set of skill/occupation requirements.

Higher-Employment Occupations & Average Hourly Wage 2005

Oil & Gas Extraction

	Estimated Employment	Average Hourly Wage
Gas Compressor & Gas Pumping Station Operators	90	27.00
Service Unit Operators, Oil, Gas, & Mining	50	19.60
Roustabouts, Oil & Gas	40	16.10
Chemical Plant & System Operators	30	23.80
Petroleum Engineers	30	48.50

Mining (except Oil & Gas)

Mining Machine Operators	1020	20.40
Industrial Machinery Mechanics	310	19.60
Operating Engineers & Other Construction Equipment Operators	180	16.20
First-Line Supervisors/Managers of Construction Trades & Extraction Workers	170	34.50
Maintenance & Repair Workers, General	30	48.50

(CONTINUED)

Higher-Employment Occupations & Average Hourly Wage 2005

Support Activities for Mining

	Estimated Employment	Average Hourly Wage
Service Unit Operators, Oil, Gas, & Mining	430	14.80
First-Line Supervisors/Managers of Construction Trades & Extraction Workers	190	24.80
Helpers - Production Workers	170	16.50
Helpers - Extraction Workers	160	15.20
Rotary Drill Operators, Oil & Gas	120	21.40
Derrick Operators, Oil & Gas	70	17.80

Utilities

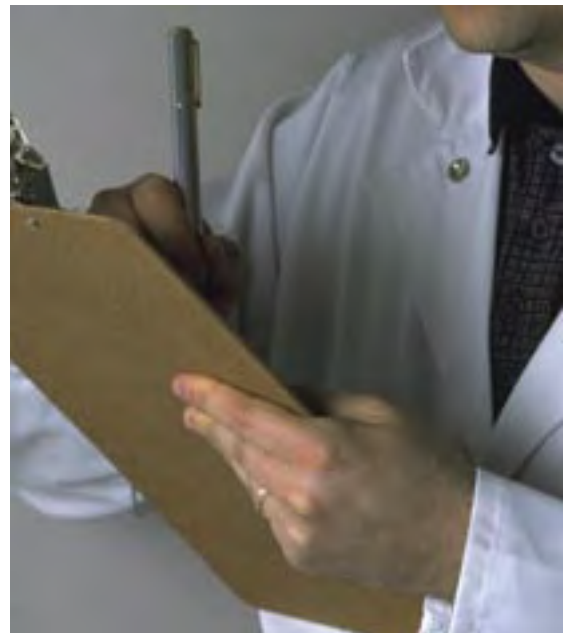
Power Plant Operators	330	26.50
Electrical & Electronics Repairers, Powerhouse, Substation, & Relay	220	31.50
Meter Readers, Utilities	150	17.10
Industrial Machinery Mechanics	140	30.90
First-Line Supervisors/Managers of Production & Operating Workers	130	36.50
Electrical & Electronic Engineering Technicians	100	27.40
Customer Service Representatives	90	16.00
Maintenance Workers, Machinery	90	22.40

Listed in the box is each of the four energy industries with examples of the occupations with the most jobs in that industry. Also included are the average hourly wages for the job titles. Most of these occupations don't require significant formal institutional training, rather more of the on-the-job type training. Some are more skilled-trade instruction/apprenticeship-based and others demand sheer years of experience. Virtually all of the occupations shown pay well. ①

This article has presented a glimpse of the industry and occupation dimensions of the energy industry.

More? go to:

<http://jobs.utah.gov/careers/mining/>




Do All Love the Economic Good Times?



The good times continue to roll in Utah. Employment growth is above 4 percent, ranking Utah within the top five states nationally for employment growth. In addition, unemployment is low and trending downward. With an unemployment rate in the mid 3-percent range, it is safe to say that Utah's labor force is fully employed, and therefore the economy is operating at or near full capacity.

One assumes that if ever there were a time when everyone would be happy about the economy's performance, it would be now. But, that's not the case. Some within the business community have mixed feelings. Oh, sales stand to be good, but the low availability of labor troubles some employers — those who need a skilled labor pool but whose cost margins are narrow due to the nature of their product and intense competition. These factors force them to operate in the lower-wage arena. These are the businesses that may be singing the blues right now. The current robust job market entices their skilled labor pool to look elsewhere in order to move up the wage ladder.

As for the rest of the economic players, Utah's current environment bodes well. Workers should be the happiest group. Employment opportunities are numerous, and a high labor need should continue for the next several quarters. In addition, the tight labor market is translating into rising wages throughout the entire occupational spectrum.

Most businesses ought to feel good in this environment. The overall economic energy should produce adequate sales and a profitable environment, even with rising wages. Profit gains have been exceptional for many businesses over the past two years. The Bureau of Economic Analysis reports that businesses after-tax profit share of national income approached 9 percent in 2005, one of the highest of all time. When unemployment was higher, businesses were able to keep most of those gains. But with the labor market tightening, more of the profit gains should find their way into higher employee wage growth. Still, with continued high profit margins, there are still plenty of gains to keep the business community happy. 

Utah Seasonally Adjusted Unemployment Rate

Year-Over Percent Change in Non-Farm Jobs



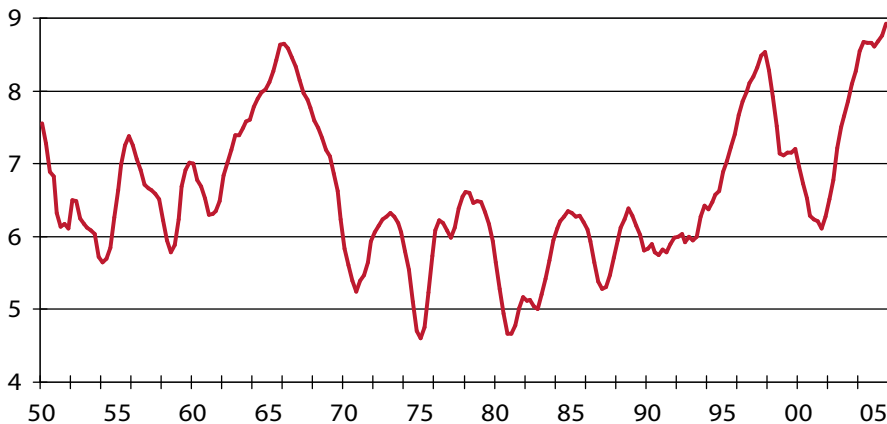
Source: Utah Department of Workforce Services

highlights

- The average price of a home sold by a realtor in Utah climbed to \$243,200 in this year's first quarter, up 17 percent from \$207,242 in the first quarter of 2005. <http://deseretnews.com/dn/view/0,1249,635209839,00.html>
- The technology industry is smaller in Utah than in other tech-based Western states, but the rate of company growth put it in first place in 2004. http://www.sltrib.com/business/ci_3808258
- For the first time ever, Utah ski areas topped four million skier days in the 2005-06 season, breaking the previous season's record skier days by 3.8 percent. <http://deseretnews.com/dn/view/0,1249,635208021,00.html>

The Economy Has Been Friendly to Businesses...

After-tax profit share of national income, 4 qtr. MA



Source: Bureau of Economic Analysis
MA = moving average

More? go to: <http://jobs.utah.gov/wi/press/tlextracurrent.asp>

did you know?

Mining is Utah's highest paying major industry with an average monthly wage of more than \$4,000?

the facts are....

April 2006

Changes From Last Year

Utah Unemployment Rate	3.5 %	↓	0.4 points
U.S. Unemployment Rate	4.7 %	↓	0.4 points
Utah Nonfarm Jobs (000s)	1,186.5	↑	4.2 %
U.S. Nonfarm Jobs (000s)	135,041.0	↑	1.4 %

February 2006

U.S. Consumer Price Index	201.5	↑	3.5 %
U.S. Producer Price Index	163.8	↑	5.7 %

Source: Utah Department of Workforce Services

April 2006

Seasonally Adjusted Unemployment Rates

Beaver	3.3 %	Piute	4.3 %
Box Elder	3.5 %	Rich	3.2 %
Cache	3.0 %	Salt Lake	3.6 %
Carbon	3.9 %	San Juan	6.3 %
Daggett	5.0 %	Sanpete	3.9 %
Davis	3.5 %	Sevier	3.6 %
Duchesne	3.6 %	Summit	2.9 %
Emery	4.0 %	Tooele	3.6 %
Garfield	5.2 %	Uintah	3.1 %
Grand	5.1 %	Utah	3.3 %
Iron	3.4 %	Wasatch	3.5 %
Juab	3.6 %	Washington	2.8 %
Kane	3.7 %	Wayne	5.1 %
Millard	3.2 %	Weber	4.2 %
Morgan	3.6 %		

Theme:
Occupational
Outlook -
Education

County
Highlight:
Weber

Occupation:
Teachers
- wages outlook

Next Time